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extent of something like twenty million dollars. An election in which the victorious party wins by half a million majority is exceptional. One hundred thousand votes in critical states will suffice in any election to change the result. If the profits are as they are alleged to be, the sugar trust can afford, if necessary, at the outlay of one-half its profits from four years' protection, to pay eighty dollars each for every one of the half million votes necessary to its triumph. In the critical states votes are worth to it four hundred dollars each. And this is but one of the interests sheltered under the tariff system.

The inside history of the free-trade disaster four years ago in the attempt to reform the tariff will probably never be written. The charge of perfidy and dishonor upon the democratic party was richly enough deserved. But, rightly considered, no more clinching argument for free trade was ever presented than in the failure of a great party, after an unprecedented victory upon a definite issue, to reform the abuses for the destruction of which it was commissioned to office.

HERBERT J. DAVENPORT.

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### FOREIGN CLEARING-HOUSE RETURNS.

IT HAS hitherto been difficult for American students to obtain accurate information concerning the volume and nature of the business transacted by foreign clearing houses. Hence any thorough comparison of the dealings of these organizations with those of American institutions of a similar character has been out of the question. The result has been that credit discussions have been based largely upon the figures for American clearing houses and too often have even been confined to the returns for New York alone, in disregard of the fact that other cities have for some years been gaining in importance as clearing centers at the expense of New York. Even when this last consideration is given due weight, nothing is ordinarily said of the returns for foreign countries, or at most a reference to English clearing houses is made. But as the English clearing houses resemble, perhaps more nearly than any others, our own institutions, less is to be learned from them than from those where (as on the continent) clearings are performed in a different way and upon a different aggregate of credit instruments.

However, the difficulty of obtaining the data requisite for such comparison is now much reduced by the appearance of Professor

Rauchberg's recent treatise,<sup>1</sup> in which the essential figures bearing upon clearings for the principal "culture-countries" are given. Among other things, the relative advance made by different countries, in the extent to which the credit instruments appearing in their clearings are canceled by being set off against one another, may be ascertained. The actual percentage of checks passing through the clearing houses which were paid in this way in 1895 may be stated as follows:

New York, 93.3	Germany, 77.4	Austria, 21.73 [1894]	Australia, 86.12	England, 96.7	Italy, 74.6	France, 88.33
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If the figures for New York be accepted as representative for the whole country,<sup>2</sup> it appears that while the United States holds a place considerably in advance of any of the continental countries, the difference is by no means so great as is commonly supposed. The figures, however, must not be allowed a significance greater than they actually possess. In a previous number of the JOURNAL<sup>3</sup> some attempt was made to ascertain what modifications must be introduced into the clearing-house figures for the United States before successive years even can be compared. In somewhat the same way a careful elimination of dissimilar elements would have to be effected before the figures for different countries could be rigidly compared, and, owing to the varying character of the instruments involved, such a comparison might even prove impossible. Moreover, it must be carefully kept in mind that the figures just quoted have no general reference to the quantities of cash employed either in general or bank transactions. Much less can the clearing-house returns for foreign countries be considered representative of the relative amounts of credit instruments used in everyday business. In countries like Austria and France, where the habit of settling accounts in cash rather than by check is very firmly established, such a method would be wholly inaccurate.

What these figures really furnish is merely an indication of the extent to which banks and banking devices are used by the different peoples. Even this indication must be accepted only with proper reservations. In France, Italy, and other countries, the *personnel* of bank depositors consists largely of members of the higher mercantile class. Regard

<sup>1</sup> *Der Clearing- und Giro-Verkehr in Oesterreich-Ungarn und im Auslande.*

<sup>2</sup> They are probably somewhat higher than those for the whole country.

<sup>3</sup> "Credit-Devices and the Quantity Theory" in this JOURNAL for June 1896.

must, therefore, be had to the number and character of the depositors, the volume of their deposits and that of the clearing-house transactions, before any valid conclusions could be drawn. One thing, however, which is clearly established by the statistics is that decided progress is being made in nearly all countries in the substitution of credit instruments for cash.

H. PARKER WILLIS.

### A NEW PRESENTATION OF ECONOMIC THEORY.

THERE is always room for a new political economy. Whether it be that some particular aspect of the science, perhaps new, perhaps old, absorbs the interest of an author, or whether he aims more at codification and comprehensive statement, his work is equally acceptable, provided it be well done. An instance is found in the book recently published by Mr. H. J. Davenport.<sup>1</sup>

Mr. Davenport's work is rather of the latter class than of the former, and is unquestionably well done. It presents, however, some novel features and statements to which we shall first direct attention.

It is true that there is now nothing novel in the demand theory of value; and yet we are never quite certain what is meant by the "demand" theory. Each author interprets it to suit himself. What, then, is Mr. Davenport's conception? In the first place, he agrees with many in identifying a theory of demand with a theory of utility: utility is determined by or flows from demand. We are expected to seize this point of view firmly and to use it as the golden thread which may guide us through the mazes of political economy. Evidently we shall be troubled in this logic if we attribute values to the individual on the one hand, or to society on the other. It is plain that where the same individual is the producer and consumer, the sphere of activities cannot be banished in favor of the sphere of pleasures. If, however, we confine our view to the exchange of commodities, there is more room for the demand arguments; and consequently we are introduced to no value except value in exchange.

This logic further seems to require that demand be always treated as a purely psychological force. In individual and social values it is evident that there is no psychological demand separate from effectual

<sup>1</sup> *Outlines of Economic Theory*, by HERBERT JOSEPH DAVENPORT. New York, 1896.